GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:1936
ANSWERED ON:28.07.2016
Financial and Administrative Problems in Aviation Sector
Puttaraju Shri C.S.

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether any study has been conducted regarding various financial and administrative problems faced by the civil aviation sector in the country in general and Air India in particular during the last three years;

(b) if so, the details thereof; and

(c) the measures taken/proposed to be taken by the Government to address the problems in civil aviation sector especially of Air India?

Answer

Minister of State in the Ministry of CIVIL AVIATION

(Shri Jayant Sinha)

(a) & (b): Directorate General of Civil Aviation has not undertaken such study during the last three years. However, for the development of the Aviation Sector as a whole, the Government of India has recently approved the National Civil Aviation Policy (NCAP), 2016. Salient features of the NCAP are attached as Annexure.

(c): The Government has taken several measures like persuading State Governments to reduce Value Added Tax (VAT) on Aviation Turbine Fuel (ATF), allowing direct import of ATF by Indian Carriers as actual users, permitting foreign airlines to participate upto 49 percent in the equity of scheduled air transport undertaking, allowing External Commercial Borrowings (ECB) for working capital requirement of airline industry for a period of one year subject to a total ceiling of US $ 1 billion and tax concession for parts of aircraft and testing equipment for third party maintenance, repair and overhaul (MRO) of civil aircraft.

The Cabinet Committee of Economic Affairs (CCEA) in its meeting held on 12.04.2012, approved a Turnaround Plan (TAP)/ Financial Restructuring Plan (FRP) for operational and financial turnaround of Air India (AI) subject to achievement of certain laid down milestones by AI. As part of the TAP/FRP, AI has initiated, inter-alia, the following steps in order to cut costs:-

(i) Rationalization of certain loss making routes.

(ii) Induction of brand new aircraft on several domestic and international routes to increase passenger appeal.

(iii) Phasing out and grounding of old fleet.

(iv) Establishment of Integrated Operations Control Center (IOCC) and Hub Control Center (HCC) in Delhi.

(v) Freezing of employment in non-operational areas.

(vi) Operationalization of Subsidiary Companies such as Air India Air Transport Services Limited (AIATSL) and Air India Engineering Services Limited (AIESL) and transfer of manpower and equipment and treating them as Independent Profit Centers and,

(vii) induction of the B787 aircraft on the Medium Capacity Long Haul Routes.